

Message Text

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ACTION EB-08

INFO OCT-01 CIAE-00 COME-00 DODE-00 NSAE-00 USIA-06
TRSE-00 EA-10 DOE-11 ISO-00 SOE-02 /038 W
-----047953 181729Z /73
R 170426Z MAR 78
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 9489

C O N F I D E N T I A L HONG KONG 3488

EXCON

E.O. 11652: GDS
TAGS: ESTC, HK
SUBJ: PRE-CHECK: FIMICRO ELECTRONICS SUPPLY CO./FIMICRO
ELECTRONICS MANUFACTURING CO.

REFS: A) HONG KONG 3260 B) STATE 23395, C) HONG KONG 4364

1. SUMMARY: INVESTIGATION OF FIMICRO AS REQUESTED PARA 5 REF B
HAS BEEN COMPLETED. INFORMATION PROVIDED BY FIMICRO ON PLANS TO
MANUFACTURE INTEGRATED CIRCUITS DOES NOT PERSUADE POST THAT THE
VENTURE WILL BE SUCCESSFUL.

2. REF C IS RECENT WTDR ON FIMICRO.

3. POST DISCUSSED CASE WITH FIMICRO OWNER TSUI SHING KIT AKA
"MAX" S.K. TSUI. TSUI SAID THAT ITEMS IN QUESTION ARE FOR HIS
FIRM'S OWN USE IN MANUFACTURING INTEGRATED CIRCUITS, AND NOT FOR
RESALE. HE COULD NOT EXPLAIN WHY EXPORT LICENSE REQUEST STATED
ITEMS WERE FOR RESALE.

4. TSUI SAID FIMICRO ELECTRONICS SUPPLY CO. IS CHANGING NAME TO
FIMICRO ELECTRONICS MANUFACTURING LIMITED, AND THAT CALLMX IS NOT
SAME FIRM AS FIMICRO.

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5. MR. TSUI SAID HE HAS NOT HAD EXPERIENCE IN MANUFACTURING.
POST ASKED ABOUT FACTORY WHERE INTEGRATED CIRCUITS ARE TO BE
MANUFACTURED, AND TSUI SAID FIMICRO DID NOT YET HAVE A FACTORY.
HOWEVER, IF EXPORT LICENSE WAS APPROVED, TSUI PLANNED TO OBTAIN
LAND INTSUEN WAN, NEW TERRITORIES, FOR FACTORY PREMISES. AT
LATER SESSION WITH POST OFFICER TSUI SAID HE HAD NOW RENTED
FACTORY PREMISES AT 6TH FLOOR, 15 MOK CHEONG STREET, TO KWA WAN,

KOWLOON. FIFTH FLOOR OF THIS BUILDING IS OCCUPIED BY SUN KING ELECTRONICS PRINTED CIRCUIT BOARD FACTORY. TSUI SAID HE WAS IN 50 PERCENT PARTNERSHIP WITH SUN KING. TSUI SAID ALTHOUGH 6TH FLOOR WAS RENTED, FACTORY WOULD NOT BE SET UP UNTIL EXPORT LICENSE WAS APPROVED.

6. TSUI SAID HE PLAN TO USE A TRANSFORMER WITH EQUIPMENT CITED REF B. HONG KONG ELECTRIC CO. INFORMED POST THAT 380 VOLT 50 HZ THREE-PHASE EQUIPMENT MANUFACTURED ABROAD CAN BE USED IN HONG KONG, ALTHOUGH HONG KONG VOLTAGE IS 200 SINGLE-PHASE FOR HOME USE AND 345 THREE-PHASE FOR COMMERCIAL USE. 380 VOLT 50 HZ EQUIPMENT, HOWEVER, CAN ALSO BE USED IN PRC.

7. POST QUERIED TSUI ABOUT FIMICRO'S TRADE RELATIONSHIP WITH PRC. TSUI STATED EMPHATICALLY THAT FIMICRO BUYS FROM, BUT DOES NOT SELL TO PRC. HE REPEATED THIS SEVERAL TIMES DESPITE POST'S STATEMENT THAT SALES TO CHINA WOULD NOT IN ITSELF INVALIDATE HIS EXPORT LICENSE REQUEST. TSUI'S ASSERTION CONTRADICTS TWO TRADE QUESTIONNAIRES PREVIOUSLY SUBMITTED AND SIGNED BY TSUI SHOWING DIRECT SALES TO CHINA BY FIMICRO. MARCH 1977 QUESTIONNAIRE ALSO SHOWED THE FIRM AS HAVING ACQUIRED THE AGENCY FOR A US FIRM, TO SELL TO PRC. TSUI STATED HE HAD NOT UNDERSTOOD FORMS.

8. POST QUESTIONED TSUI ABOUT FINANCIAL BACKING FOR THIS VENTURE. TSUI AT FIRST SAID MONEY WAS ALL HIS AND LOCATED CONFIDENTIAL

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IN FIVE BANKS. HE SAID HE HAD ALREADY SPEND ABOUT US \$435,000 ON THE VENTURE AND HAD ANOTHER US \$435,000 LEFT OVER. TSUI CLAIMED CAPITAL OF FIMICRO WAS OVER US \$ ONE MILLION. WHEN PRESSED FOR DETAILS ON BANK ACCOUNTS AT A LATER SESSION, TSUI STATED THAT HE HAD SEVEN PARTNERS IN FIMICRO AND THE FINANCING WAS TO COME FROM HIS OWN AND HIS PARTNER'S INDIVIDUAL BANK ACCOUNTS, CURRENTLY LOCATED IN FIVE BANK. TSUI SAID THAT THEIR RESOURCES WOULD BE POOLED IN TWO NEW BANK ACCOUNTS IF EXPORT LICENSE WAS APPROVED. MARCH 1977 INFORMATION FROM THE CHARTERED BANK SHOWED FIMICRO CAPITAL WAS CLAIMED AS ABOUT US \$ 235,000, WITH COMMENT THAT BANK'S DEALINGS WITH THIS FIRM WERE CONFINED TO MAINTAINING THEIR INACTIVE ACCOUNT ON THE BOOKS. TSUI LATER PROVIDED NAMES OF PARTNERS BUT APPEARED RELUCTANT TO PROVIDE ANY BIO DATA OR FINANCIAL INFORMATION ON THEM.

9. POST ASKED TSUI ABOUT END-USE OF INTEGRATED CIRCUITS TO BE MANUFACTURED. TSUI SAID THEY WOULD BE SOLD IN USA, EUROPE AND HONG KONG BUT NOT PRC.

10. POST QUERIED TSUI ABOUT HIS STAFF AND THEIR EXPERTISE IN MANUFACTURING INTEGRATED CIRCUITS. HE PROVIDED THE NAMES OF FIVE ENGINEERS WHO WOULD WORK FOR HIM IF THE EXPORT LICENSE

IS APPROVED. TWO ARE JAPANESE, ONE FROM TAIWAN, AND TWO FROM HONG KONG. TSUI TOLD POST CONFIDENTALLY THAT ONE OF THE TWO HONG KONG RESIDENT CURRENTLY WORKS FOR MICRO ELECTRONICS. THIS IS A SUCCESSFUL AND WELL-KNOWN LOCAL FIRM WHICH ASSEMBLES INTEGRATED CIRCUITS. DESPITE URGING BY POST, TSUI HAS NOT PROVIDED BIO DATA ON THESE ENGINEERS, AND WITH EXCEPTION OF INFORMATION ABOVE, WE HAVE NO IDEA WHAT THEIR BACKGROUND IS.

11. INFORMATION OBTAINED SO FAR IS SKETCHY AND CONTRADICTORY AND HAS NOT PERSUADED POST THAT FIMICRO HAS THE BACKGROUND, FINANCING OR EXPERTISE NECESSARY TO ENABLE IT TO SUCCESSFULLY LAUNCH THE HIGHLY COMPLEX VENTURE TO MANUFACTURE INTEGRATED CIRCUITS/SEMI-CONDUCTORS IN HONG KONG. ENTIRE VENTURE APPEARS TO HINGE ON WHETHER OR NOT EXPORT LICENSE IS GRANTED, AND IT SEEMS THAT NO CONFIDENTIAL

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SERIOUS INVESTMENT OR PLANNING IS TO BE DONE UNTIL THEN. MR. TSUI WAS TOLD THAT THE MORE INFORMATION HE COULD SUPPLY POST ON THIS VENTURE, THE BETTER HIS CHANCES FOR APPROVAL OF EXPORT LICENSE BY DEPT OF COMMERCE. TSUI APPEARS RELUCTANT TO PROVIDE DETAILED INFORMATION ON THIS VENTURE, WHILE AT THE SAME TIME URGING POST TO "WRITE A GOOD REPORT" ON HIM. CONSEQUENTLY POST CANNOT RECOMMEND APPROVAL OF EXPORT LICENSE REQUEST AT THIS TIME.
SHOESMITH

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: END USE CHECKS, ELECTRIC EQUIPMENT
Control Number: n/a
Copy: SINGLE
Draft Date: 17 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
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ISecure: 1
Legacy Key: link1978/newtext/t19780356/aaaabuww.tel
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Litigation Codes:
Litigation History:
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Message ID: ea9817c5-c288-dd11-92da-001cc4696bcc
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To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/ea9817c5-c288-dd11-92da-001cc4696bcc
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